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A SUSTAINABLE MODEL FOR SUPPORTING ENTREPRENEURS IN DEVELOPING COUNTRIES

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“The poor operating within the informal sectors of the developing world represent a significant portion of any one country’s population, making a search for connections beyond the informal sector that much more difficult. It is in this regard that the microfinance movement has the greatest potential benefit by creating catalysts for connecting the world’s poor to the larger national and international extended order...If the goal of the micro-finance movement is to alleviate poverty, the key will be to find ways to connect the knowledge systems possessed by the poor to the larger extended order” (Chamlee-Wright 2005).

INTRODUCTION

If there was ever need to confirm the importance of the access to credit to stimulate the economy and enable capitalism to work, then the year 2008 provided it. A lack of trust in the financial system led to a dramatic reduction in the willingness to lend with catastrophic impact on economies around the world. If the established financial world order cannot operate without credit, then it would appear unrealistic to expect the poor to be able to improve their economic situation and run successful businesses without access to credit.

Micro enterprises in developing economies fulfil many functions. They provide an income stream for poor entrepreneurs and their families. They create employment. They recycle and repair goods that might otherwise become waste. They provide cheap food, clothing and transportation to poor people, both in the informal sector and the lower levels of the formal sector, who would otherwise not be able to live on their wages. Micro entrepreneurs contribute all of this despite severe obstacles. They frequently lack institutional support and legal status. They may lack education and skills. They frequently lack access to credit and other financial services. They do however have strong survival skills, shrewd business sense, a willingness to work hard and extensive informal support and communication networks (Robinson 2005).

Small and micro-enterprises are believed to play a significant part in economic growth and poverty alleviation in developing countries. And yet they frequently do not have access to those resources, knowledge and financial, that might enable them to be more effective, to respond to changes in the local environments and respond to the potential for growth and development. 80% of the world’s 4.5 billion people living in low and lower middle income economies do not have access to formal sector financial services. In many cases this may be an insurmountable barrier to escaping poverty and a constraint on the economic growth in the economy in general.

Micro-finance has become big business with a range of models – from those that operate on a strictly business basis to those who come from a philanthropic base. The models used grow from a range of philosophical and cultural perspectives. Success is often measured by the numbers involved and the repayment rates – which are very high, largely because of the lending models used.

The purpose of this paper is to identify the range of issues raised by the literature and empirical research in Mozambique. Chamlee-Wright (2005) argues that the micro-finance industry stands at the cross roads between increased commercialisation and increased philanthropic aid, and she argues that these do not have to be mutually exclusive. This paper will explore the range of options available and propose a model for sustainable support for enterprise development that can be implemented and evaluated in a rapidly changing developing African economy. Although Mozambique has some unique characteristics, many of the issues raised by micro-entrepreneurs there arise in other sub-Saharan African countries.

Mozambique

Mozambique lies along the Indian Ocean sea border of Southern Africa and is characterised by mountainous inland zones with a coastal plain. Mozambique is among the poorest countries in the world with a per capita GDP of US\$210 in 2002 (World Bank 2006). This is largely attributable to a history of both human and natural destruction.

The Portuguese ‘colonised’ Mozambique in the 15th century with a view to establishing supply points for Portuguese sea routes to India. At the time there was already a flourishing trade in gold, ivory and slaves conducted by the Arabs. There was very little social investment in Mozambique. The independence movement that began in the 1960s, led to independence in 1975. The Portuguese pulled out virtually overnight leaving the country lacking skilled professionals and infrastructure. Frelimo (the Mozambique Liberation Front) turned to the governments of the Soviet Union and East Germany for help as by the early 1980s the country was nearly bankrupt and the shops were empty. This instability was compounded by the disapproval of (then) Rhodesia and South Africa who supported and trained rebels in Mozambique (Renamo) leading to civil war. Renamo’s aim was the wholesale destruction of Mozambique’s communication infrastructure and the eventual overthrow of the government. Whilst they did not succeed with the second aim – they did destroy most of Mozambique’s infrastructure, including roads and railways (Dana 1996).

In 1983 drought and famine struck the country and Frelimo opened up Mozambique to the West to receive food aid. In 1992 a peace treaty was signed and official elections were held in 1994. The civil war had lasted for over 15 years. The fact that Mozambique now has an elected government for the first time in its history and has since conducted two general elections, should not obscure the threat posed by power struggles between the two main political parties, that are based on the opposing factions during the war. (THSRC, 2002).

By mid 1995, over 1.7 million refugees who had sought asylum in neighbouring countries had returned to Mozambique. The economy was crippled by debt with annual payments almost twice the public health budget. The country, outside of Maputo, as of late 2004, was still largely derelict. 2006 showed the beginning of construction work in Beira, which may indicate that economic activity is moving north from the capital. (Dalglish, 2007)

The Mozambiquan Government has fulfilled most of the promises on economic reform made to the multilaterals in order to qualify for debt relief. This included ‘demobbing’ a large part of the armed forces, releasing largely unskilled young men into an almost non-existent employment market. A reduction in the debt burden, donor support and rising government revenues are helping to pay for the infrastructure investment that could enable the country to experience a high level of growth for a long time to come. After many years of war and despair, it will take a long time for Mozambique to recover. (Ford, 2004)

Most ordinary Mozambiquans equated democracy with an improvement in material conditions. Instead, the economic gains thus far seem to benefit a relatively small middle class concentrated in Maputo, while the rest of the population has had to adjust to increases in the cost of living and little change in the rudimentary public and social infrastructure. The widening gap between rich and poor

may pose another threat to political stability (THSRC 2002). Mozambique provides an especially valuable case study of a civil society experiment in Africa, since its movement from state-centred development to free markets has been so rapid. By the late 1990s the economy began sustained growth but social inequality has grown as well. (Pfeiffer, J. 2004)

The country had an estimated population of just over 19 million in 2006 (www.ine.gov.mz) with an estimated population growth of only 1.4% in 2005 (cia.gov/cia/publications/factbook). Infant mortality rates are high at 13% (cia.gov/cia/publications/factbook). 60% of children attend primary school, 8% attend secondary school and 2% attend higher education. The illiteracy rate in the adult population is high. Agriculture is still the basis of living for the majority (80%) who live on livestock farming production. There are resources such as timber, cotton and copper but these are not competitive because of the lack of infrastructure development. Good road and rail services are almost non-existent, as are power, communication and sanitation infrastructure. (Dalglish 2007)

Some of the challenges facing the people, the government and the entrepreneurs of Mozambique include overcoming: low educational standards, high levels of unemployment, low productivity of household farming, weak development of infrastructure, bureaucratised government, corruption and a very high mortality rate from curable diseases. Life expectancy is around 40 years. Death is through diseases such as malaria, tuberculosis, cholera, leprosy and more recently HIV aids. Over the first 4 years of the new century annual average growth of GDP was about 8%, and the absolute poverty level has dropped from 69% in 1997 to 54.5% in 2002, however the positive results of this are not yet reflected in the actual life of much of the population.

(worldbank.org/wbsite/external/countries/africa/mozambique)

Beira, where the qualitative research was undertaken, in the province of Sofala, suffered greatly during the brutal civil war that wreaked havoc upon Mozambique. Today, it has the dubious reputation of being Mozambique's poorest province (RoZ, 2003). As an economy, Beira is struggling, physical infrastructure is broken and its people appear to have few opportunities to progress. Commercial districts have shut down, as traders shift business to the smaller scale appropriate to a nation with per capita income of US\$210 in 2002 (World Bank, 2006).

By 2001 there were 145 foreign NGOs and 465 national NGOs operating in the country. At the same time another social movement started to grow. Pentecostals and the Pentecostal influenced Zionist and Apostolic African Independent Churches moved in to offer social support. The popularity of the church movements and their nearly complete dissociation from the world of foreign aid, suggests shortcomings in NGO models in gaining the confidence of poor communities (Pfeiffer 2004).

Pentecostal influenced, independent churches, have seen a growth in membership from around 10% to nearly 50% of the poor peri-urban populations. The size of the church movement suggests that a very different version of civil society is emerging in poor communities that the development industry has not successfully engaged with (Pfeiffer 2004). The churches appear to be one of the few sources of mutual aid for those who are alienated from the world of commerce and foreign aid. Participant observation in numerous church activities has revealed a profound and sustained commitment to collective well being. (Pfeiffer 2004, Dalglish 2007)

Discontent is widespread among the poor and resentments have deepened as corruption at all levels of government has grown. In this environment of growing disparity, the contrast between the success of the church movements that thrive in poor communities and the difficulties of well-funded NGOs in sustaining participation in the same communities challenges the relevance of the NGO models being used. NGOs emphasise the importance of community participation yet nearly all complain about the difficulty of maintaining community interest in projects without paying participants or providing some direct material benefit. This has not been the experience of the author (nor Pfeiffer 2004). Working with the new church movements, there has been active and enthusiastic involvement from the 'poor' seeking to respond positively to the new economy.

The informal sector is critically important in developing countries and often makes up a significant percentage of overall economic activity. The informal sector is not an aberration of the formal sector, but the original basis of economic activity for the majority of the population. In Beira, this thriving informal sector is based rather narrowly on retail trade in consumption goods, agro-processing and services like repairs and hairdressing (THSRC 2002). This has enormous implications for micro-

finance and its availability. Whilst economic performance has improved across the country, the benefits are confined to a relatively small number. Interventions, such as improving access to financial services to lower income people in a manner acceptable to them, are extremely important.

METHODS

A number of qualitative methods were used to address the research question. These included reviewing the literature in the area of micro-business and micro-finance. Much of the literature dealing with these topics comes from the international development agencies and agencies reviewing the work of micro-finance institutions. Their perspective is generally one of poverty alleviation, rather than entrepreneurship. To balance this semi-structured interviews and participant observation were used in Beira, to provide an insight into the difficulties for entrepreneurs as seen by them. This brings together the specific insights of local people with the more generalised conclusions of international agencies from a range of countries. This is important as often there is limited awareness of the reality of the local culture and environment. The circumstances under which entrepreneurs in developing economies operate can appear impossible to those who have very different experiences of business. (Van Donge 2008)

These participative methods involving the entrepreneurs, shift the focus from a deficit approach that focuses on survival, to one that acknowledges people's resources and agency in the pursuit of business success and the wellbeing of their families and community. This qualitative research provides contextual information to explain particular outcomes and ensure that the metrics used in international reports such as the 'dollar a day' metric have some meaning (Camfield, Crivello, Woodhead 2008). They also offer the opportunity of generating new information about the way in which people see the world (Hammersley and Atkinson 1995) and enable models for delivery of services to be developed in ways that meet the specific needs of the local community.

A longitudinal study, based on semi-structured interviews, was undertaken with micro-entrepreneurs in Beira in 2004, 2006 and 2007. Each entrepreneur had received micro-credit to start or grow what would be considered a 'survival' enterprise in the informal sector. The research was conducted using informal individual and small group interviews that were arranged by Mr N'Sona, who acted as interpreter. Mr N'Sona appeared fluent in Portuguese (the official language of Mozambique), English and a number of local dialects.

What the three waves of interviews allowed was an insight into what had changed, internally, in the business. This approach provided an ongoing picture of a group of entrepreneurs who were successfully growing their enterprises, were extending their view of what it was to be successful and beginning to access technology and services. They were also using their increased resources to improve their living conditions, access education and plan for the future. The qualitative nature of the research has the strength of providing rich data, directly from the micro-entrepreneurs. It provided an opportunity to explore with the entrepreneurs changes to their businesses, their attitudes and aspirations, and whether motivation had moved beyond 'survival'.

There were a number of significant constraints in the data collection. Interviewing through an interpreter raises a range of issues, no matter how good the interpreter. Here, it could be considered that Mr N'Sona had a vested interest in presenting the situation in a positive light. Although there is no evidence of bias, this cannot be totally dismissed. The interviewer was a stranger, with extremely limited cultural knowledge. The interviewees are unlikely to have shared all of their views, and may also have been influenced by the fact that the interpreter was the person instrumental in making funds available to them. The negative impact of these factors was not apparent. The interviewees were friendly and welcoming, though not used to talking about themselves and their ventures. The third round of interviews led to much more open discussion. There is an indication that it took this long for the entrepreneurs and the interpreter to believe sufficiently in the interest of the interviewer. This has interesting implications for research in developing countries that is undertaken by strangers.

To improve cultural understanding and to develop trust, the author engaged in participant observation, spending four separate weeks with the community under study. This included the semi-structured interviews but also involved presenting seminars, dining with a number of different families, attending church, meeting with local groups of small entrepreneurs to discuss their aspirations and the

constraints they faced. Again one of the most significant constraints was the author's lack of Portuguese and the dependence on an interpreter. However after the first two visits, the author was welcomed as one of the family and conversations became less formal and more general issues were discussed. This added a depth of insight into the reality of the lives of these entrepreneurs and their families. Participating in this way

adds credibility to the observations in a way that describing cultural phenomenon on the basis of documents can't. It is a way of 'doing justice to the voice of the people. (Knibbe & Versteeg, 2008). This voice is often lacking in the large studies done on micro-finance as a way of poverty alleviation, which reflect the cultural norms of an often alien culture. It is important to recognise that this type of fieldwork cannot be entirely objective and the presence of the researcher is changing and adding to what is actually happening. Desjalais (1997) advocates that human experience should be central to the research agenda and the participative methods used allow that while the international reports provide the international frame within which that experience sits.

FINDINGS

Providing support for micro enterprises raises a significant numbers of difficult issues. The various bodies involved in the provision of micro-finance and initiatives to overcome poverty in developing countries have identified a number of factors that are key to successful operation. These are outlined here as a basis for examining how these conditions can be met in the particular circumstances that face entrepreneurs in Beira, Mozambique.

The regulation and supervision of micro-finance institutions (MFIs) is a relatively new area of academic study. (Maimbo 2002) MFIs generally sit outside the normal banking system and often have differently articulated reasons for existence. This has led to disparate practices (which may be desirable) but has often led to surprisingly high interest rates for the poorest of people.

This is often explained by the high transaction costs associated with lending small amounts of money rather than absence of collateral, major concern for most banks (Maimbo 2002). However, this judgement is made in the philosophy that finance provided to the poor should fit within the prevailing banking framework.

The Grameen Bank system, one of the most successful micro-finance organisations in the world, is based on the simple confidence that poor women have survival skills. If you give her a loan, she has the skills and locally relevant knowledge to use it productively and a powerful determination to invest the profits in security for herself and her children. (Todd 1996). The 'on the ground findings' in Beira would support this claim, not just among the women but the men as well.

The challenges of an often hostile environment, limited access to education and training, continuous health challenges and poor support and infrastructure, make the success and growth of enterprises in developing economies difficult without the additional difficulties of raising start-up or operating capital. Drawing on micro-finance experience around the world a number of key issues have been identified that need to be addressed for the provision of micro-finance services to be successful

Local support

Any project should be culturally appropriate and encompass local support and expertise. Understanding the particular cultural context is critically important. (IFC 2008) Chamlee-Wright (2005) recognises that tapping into the knowledge embedded within local social institutions lowers transaction costs, saves time, and helps anticipate and avoid pitfalls. Embedded within local system is a wealth of local knowledge regarding an individual's savings capacity, credit worthiness, business history and insurability (Yunus, 1994). This can greatly reduce risk.

The appropriate institutional framework allows individuals to make productive use of the private and local knowledge to which they have access, valuing their perspective and creating ownership. The challenge in Beira, as elsewhere, is to link this knowledge with the extended knowledge frameworks that exist in the world at large. Without this access the extent of growth will be limited. This disconnection between the knowledge embedded within the informal sector and the larger extended

order characterises the situation of much of the world's poor and can lead an under-recognition of the extent of local knowledge and expertise.

Recognising and valuing local expertise is critical for access to those networks and to local participation and ownership. Sarros (2006) has identified this as a key factor in the success of his foundations around the world.

'Civil society adopted the foundation as its won and took good care of it. We did not have to exercise controls, civil society did it for us. (Sarros p 55)

Capacity Building

The organisation offering the services has to have in place culturally appropriate operating systems, accurate and efficient management information systems and meaningful reporting standards. The greater the range of products offered or the distributed nature of the clients, the more important a sound organisation is.

It is important that within the organisational structure, responsibilities are clearly outlined. This may require tapping into the extended knowledge network to work with local people to adapt best practice to this challenging area. It is critically important that local people are involved in the decision making and that a problem solving attitude is built (Yunus, 1994). This can require training to ensure that the local administrators are competent and are also able to access not only their local networks but those of the wider community to help solve their problems.

Training

There appear to be two distinctly different areas of training. The first is the training of the administrative staff who run the micro-finance project, so that they are competent not only in financial matters but in the means to train and support the borrowers. (Yunus 1994; IFC 2008). There is a view that when a micro-finance institution also delivers training or business development services, the cost of the latter should be excluded from assessing the financial performance of lending activities.

Transparency

One of the critical issues in work in developing economies is that of transparency (IFC, 2008). If concerns about corruption are to be overcome, it must be clear what the lending policies are, the criteria for lending and how the monitoring of loans is undertaken. This is as important for credibility at the local level as it is for donors. The local management committee of the project in Beira were well aware of the issues of perceived corruption and the importance of transparency and equity in the allocation of loans and have actively sought means to address perceptions.

Financial performance

Financial performance is perhaps the easiest means of measuring success, and therefore it the one about which the literature speaks the most. It is important that adequate records are kept that outline appropriate pricing policy, number of clients, value of any portfolio, demographic make-up of borrowers, administrative costs per loan (THSRC 2002, IFC 2008). The issue of operational sustainability, profitability and the use of donor funds are particularly challenging and the differing views on this are addressed in the next section.

Setting up an effective operation takes time (Yunus 2004). It requires commitment, expertise and the support of the local community. Without these elements any organisation may fail to reach its target borrowers, find the money is misspent or that there is no local interest in using the service at all.

Gaps

The measurements in the majority of documents studied are of inputs and outputs – not outcomes. Little is recorded about the outcomes of the financial and peer support and how the two might interact to develop a sustainable business. Generally the analysis does not relate to the borrowers as entrepreneurs with business ideas, but poor people who need to survive. Therefore it is unclear how the injection of funds encourages the start-up or growth of a business and what the actual business and social outcomes are. Without this understanding it is difficult to evaluate whether micro-finance and the support mechanisms around it have a significant role to play in economic development. Detailed ongoing research is necessary to understand what works and why. How things could be done differently or better to avoid or remedy difficulties that arise.

A model for micro finance

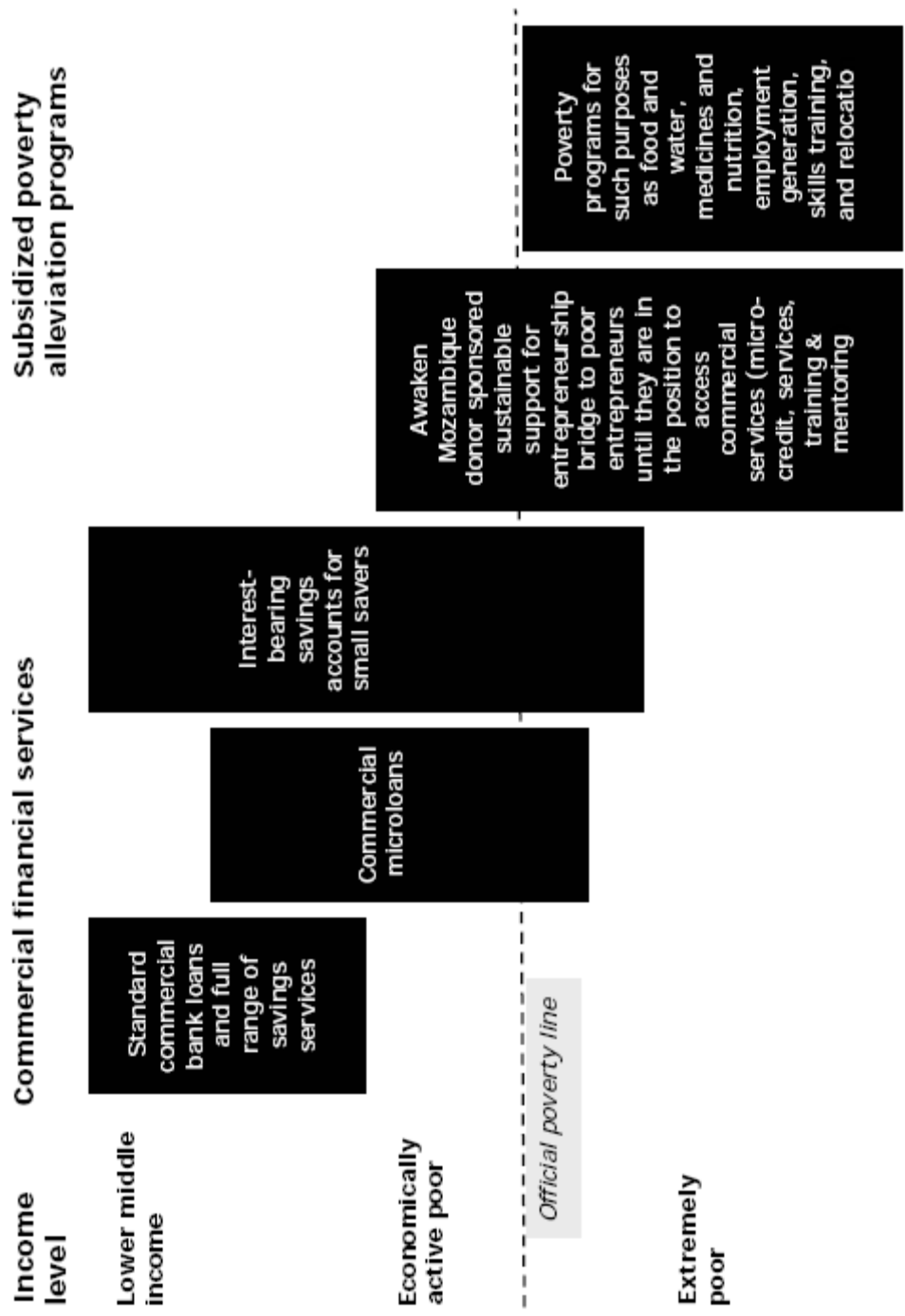
Micro finance refers to small-scale financial services – primarily credit and savings – provided to people who farm, fish or herd; who operate small enterprises or micro enterprises where goods are produced, recycled, repaired or sold; who provide services; who work for wages or on commission; who gain income from renting out small amounts of land, vehicle, draft animals, or machinery and tools; and to other individuals and groups at the local levels of developing countries, both rural and urban. (Robinson 2001)

There are two main approaches to micro-finance – donor based charitable processes that use financial and non financial reducing poverty and creating jobs for the very poor and a financial systems, profitable, approach for the economically active poor. (Robinson 2001)

Robinson argues that commercial microfinance is not appropriate for extremely poor people who are badly malnourished, ill and without skills or employment opportunities. For these people micro-finance is the next step – after they are able to work. Which begs the question – where is the work? People living in extreme poverty exist below the minimum subsistence level. They include those who are unemployed or underemployed, as well as those who are so poorly remunerated that their purchasing power does not permit the minimum calorie intake required to overcome malnutrition. How do people in developing economies, with little or no education get their foot on the first step of the economic ladder? How do they move into a position where they could access commercial micro-finance? Simply receiving assistance to feed themselves will not facilitate this. Gaining the necessary education to find employment in an increasing industrialised economy is a long term proposition.

The distinction between the extremely poor and the economically active poor is not precise and it perhaps wise to focus on the purpose of the loan and the commitment of the entrepreneur rather than trying to assess ‘poverty’ in ways that might not be appropriate to the local situation. For example in peri-urban Beira, many of the small traders are widows or returned service men who could not find employment, and do not have the education to be able to apply for the type of positions the new, growing economy will create. Whatever their income, they are marginalised from the mainstream economy. What is required is a bridge between groups to enable the extremely poor to prepare themselves to become ‘economically active’ and have access to commercial loans. That is what Awaken Mozambique is designed to do.

The following diagram shows where awaken Mozambique is positioned within the current poverty alleviation and financial services spectrum.



The perceived root of the issues raised above is the lack of income faced by most families. Whilst health and nutrition are important it is imperative to help eradicate poverty in the long term, putting responsibility for health care in the hands of parents and providing them with the means to make the appropriate decisions for their children. It is the opinion of those involved with Awaken Mozambique that the best way to eradicate poverty in Beira is to encourage and support the development of micro enterprises through micro finance and training to approved beneficiaries.

Micro loans will enable those who have no income to set up their own small businesses to generate income for their families. They will enable those who have very small businesses grow their enterprises so that they can provide, not only sustainable income for their families, but employment for others. Including small business training will provide the skills necessary for the businesses to be sustainable, and will enable entrepreneurs to take advantage of opportunities that arise as the economy in Mozambique strengthens.

Well structured feedback on the micro loans and particularly their impact will enhance understanding of the issues confronting micro entrepreneurs and the strategies required to enable them to be successful in the long term.

It is also clear that to be successful and sustainable the organisation will need to enable the global networks to interact with the local networks in a more productive way. This will provide a range of resources local entrepreneurs can choose from and increase global awareness of the challenges faced by entrepreneurs in urban contexts of developing economies.

Awaken Mozambique

To address the issues raised above, Awaken Mozambique has 4 primary objectives:

- To provide financial and training support to micro-enterprises in Mozambique in a sustainable manner.
- To build capacity by developing expertise in association management, micro-finance and enterprise development. This will enable the local association to continue to provide support and direction in the long term
- To develop international linkages between entrepreneurs in Mozambique and the developed world. This provides a two way knowledge transfer and will greatly increase international understanding. Internet technology now makes this both achievable and affordable.
- To collect data and facilitate research into the process of enterprise start-up and growth in a developing economy.

The program has been designed to build on early funding to make the program sustainable in the long run. Donor money will be used to employ local people to manage the project and to provide micro loans. The repayment of micro loans will go into an investment fund. The interest from the investment fund can be used to support the on-going management of the project. Over a period of 5 years the capital in this investment fund will grow and the interest can be used to support the local employees making the project much more sustainable. This fund may also provide the basis for ongoing micro-loans. The local management committee is already seeking ways of the program generating money to support the micro-loan process and as their capacity grows this element of the program is likely to become viable.

DespertaMozambique (Awaken Mozambique) was established in Beira specifically to implement this program. In 2007 a meeting was convened in Beira by Francis N'sona and supported by a number of pastors of local Pentecostal churches which provided credibility. Around 40 local business people and community and church leaders attended. They expressed a willingness to work toward the establishment of a NGO that would provide micro-loans to small businesses who did not have access to other sources of funding. This group elected a management committee, nominated the people they wished to run the organisation once it was established and voted on an appropriate name.(DespertaMozambique).

In Brisbane, Australia, a similar management committee was established to raise the necessary resources for Awaken Mozambique to succeed. In August 2008, five members of the Australian committee travelled to Mozambique (at their own expense) to meet their colleagues in Beira. Despite the passing of eighteen months, and the fact that the only money that had been provided was for the formal establishment of the local NGO, the local committee was active and enthusiastic.

Process and policies have been written in Australia and then modified in Beira. The local management committee is well aware of the issues of perceived corruption and the importance of transparency and equity in the allocation of loans. Once funding is made available they have to report monthly to the Australian committee with their decisions and the reasons for these decisions. The in-country committee will make decisions about debt collection. They have as one of their loan criteria the ability and willingness to repay. The presence on the committee of community leaders will act as an incentive for repayment though some default must be expected in extreme circumstances. The fact that recipients may also know the donor in Australia who has provided the loan may also reduce the risk of default.

The process is transparent and decision making is open to members of both committees in Australia and Mozambique. The in-country management committee will employ three people who will identify potential borrowers, provide the necessary training, collect repayments and ensure that all necessary reporting, financial and other is done. The management committee will make the decisions about who receives funding and recommend these people to the Australian committee for funding.

Internet technology makes international communication much easier and inexpensive. Using it is hoped to link Mozambiquan entrepreneurs to their Australian sponsors, thereby directly connecting the local network to a larger network. Awaken Mozambique already has a website which is being developed to allow interactivity.

Training is an integral part of the process. This training will include mandatory training for recipients of loans during the period of their repayment. This training will relate to the specific needs of those involved and be conducted by the in-country staff. Regular training will be provided to the co-ordinating staff by volunteers from relevant institutions overseas. These visiting staff have a significant role in broadening networks and will also be encouraged to provide more general training to heighten awareness in Beira of new ideas and opportunities available. Links have already been made with a number of local education and training providers and these services will be accessed as appropriate.

With so little known about the process of enterprise growth in developing economies, both committees are committed to undertake research using the data collected as part of the loan and support process. They are also willing to consider collecting other data should international researchers be interested. The dissemination of findings and an enhanced understanding of the role of entrepreneurship in poverty alleviation and community development will be of interest to many. This paper is the first illustration of this commitment.

CONCLUSIONS

The result of this study is the development of a model for providing intellectual and financial resources to micro-entrepreneurs in Mozambique, that if successful will provide a blue print for providing services in other in poor developing countries in a sustainable way. The model also provides a base for ongoing research into the process of entrepreneurial growth in African developing economies. This is a pilot study, an experiment, that draws on what is known and attempts to develop a locally inspired model for the provision of services to promote entrepreneurship, self efficacy and sustainability.

The research and the model proposed raises a number of issues regarding sustainability including the nature of the donor/ recipient relationship, access to affordable resources, the impact of individual entrepreneurial activity on the local economy and the need for ongoing research to understand the whole process and its impact, intended and unintended.

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